1. Management nature and Characteristics

1.3 NATURE OF MANAGEMENT

The principles, concepts and techniques of management have changed over the period of time. Various contributions to the field of management have changed its nature. The nature of management can be described as follows:

(1) ***Multidisciplinary*:** Management is multidisciplinary. It draws freely ideas and concepts from the disciplines like economics, sociology, psychology, statistics, operations research etc. Management integrates the ideas taken from various disciplines and presents newer concepts which can be put into practice. The integration of these ideas is the major contribution of management.

(2) ***Dynamic nature of principles*:** A principle is truth which establishes cause and effect relationships of a function. Principles are developed by integration of ideas from various disciplines supported by practical evidence. These principles are flexible and change with the environment in which organization works. Continuous researches are being carried on to establish new principles; many older principles are changed by new principles. There is nothing permanent in management.

(3) ***Relative not absolute principles*:** Management principles are relative and not absolute. They must be applied according to the need of the organization. Each organization is different from other. The principles of management should be applied in the light of prevailing conditions.

(4) ***Management – science or art*:** There is controversy whether management is science or art. Earlier management was regarded as art but now it is both science and art. This aspect has been discussed in detail in this chapter.

(5) ***Universality of management*:** Management is universal phenomena. Though universal yet management principles are not universally applicable but are to be modified according to the needs of the situation.

1.2 CHARACTERISTICS OF MANAGEMENT

The critical analysis of the above definitions, the following characteristics of management evolve.

(1) ***Management is a continuous process***: The process of management consists of planning, organizing, directing and controlling the resources to ensure that resources are used to the best advantages of the organization. A single function alone cannot produce the desired results. Management involves continuous planning, organizing, directing and controlling.

(2) ***Management is an art as well as science***: Management is an art in the sense of possessing managing skill by a person. Management is science because certain principles, laws are developed which are applicable in place where group activities are coordinated. This will be discussed in detail later in this chapter.

(3) ***Management aims at achieving predetermined objectives***: All organizations have objectives that are laid down. Every managerial activity results in achievement of these predetermined objectives.

(4) ***Management is a factor of production***: An enterprise produce goods or services using resources like land, labour, capital, machines etc. These resources themselves cannot realize the organizations goals. The goals are achieved when these are effectively coordinated by the entrepreneur. In case of small enterprises an individual can do such type of job where as in large enterprises the coordination job is done by management. Therefore, management is a factor of production.

(5) ***Management is decision-making***: Decision-making is selecting the best among alternative courses. Decision-making is an important function of a manager. Whatever a manager does, he does it by making decisions. The success or failure of an organization depends upon the quality of decision. A manager must make a right decision at right time.

(6) ***Universal application***: The principles and concepts of management are applicable to every type of industry. The practice of management is different from one organization to another according to their nature.

(7) ***Management is needed at all levels***: The functions of management are common to all levels of organization. The functions of planning, organizing, directing, controlling, decision-making are performed by top level as well as lower level supervisors.

(8) ***Management aims at maximum profit***: The resources are properly utilized to maximize profit. Maximizing the profit is the economic function of a manager.

(9) ***Dynamic***: Management is not static. Over a period of time new principles, concepts and techniques are developed and adopted by management. Management is changed accordingly to the social change.

(10) ***Management as a career***: Today management is developed as a career focused on specialization. Marketing management, finance management, personal management,

2. Management Cycle

3. Role of manager

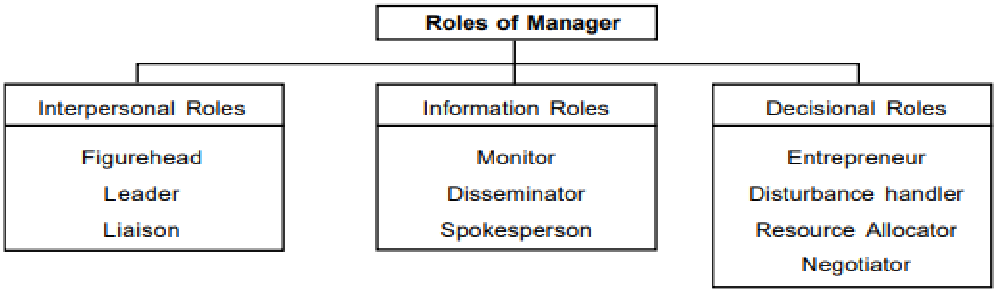

Fig. 1.1: Roles of manager

***Interpersonal role*:** This role is concerned with his interacting with people both organizational members and outsiders. There are three types of interpersonal roles:

(1) ***Figure head role*:** In this role manager has to perform duties of ceremonial nature such as attending social functions of employees, taking an important customer to lunch and so on.

(2) ***Leader role*:** Manager's leader role involves leading the subordinates motivating and encouraging them.

(3) ***Liaison*:** In liaison role manager serves as a connecting link between his organization and outsiders. Managers must cultivate contacts outside his vertical chain to collect information useful for his organization.

***Information roles*:** It involves communication. There are three types of informational roles:

(1) ***Monitor*:** In his monitoring role, manager continuously collects information about all the factors which affects his activities. Such factors may be within or outside organization.

(2) ***Disseminator*:** In the disseminator role, manager possesses some of his privileged information to his subordinates who otherwise not be in a position to collect it.

(3) ***Spokesperson*:** As a spokesperson manager represents his organization while interacting with outsiders like customers, suppliers, financers, government and other agencies of the society.

***Decisional roles*:** Decisional role involves choosing most appropriate alternative among all so that organizational objectives are achieved in an efficient manner. In his decisional role manager perform four roles:

1. ***Entrepreneur*:** As an entrepreneur, a manager assumes certain risks in terms of outcome of an action. A manager constantly looks out for new ideas and seeks to improve his unit by adopting it to dynamic environment.

2. ***Disturbance handler*:** In this role manager works like a fire-fighter manager contains forces and events which disturb normal functioning of his organization. The forces and events may be employee complaints and grievances, strikes, shortage of raw materials etc.

3. ***Negotiator*:** In his role of negotiator, manager negotiates with various groups in the organization. Such groups are employees, shareholders and other outside agencies.

4. Planning process

The planning process is different from one plan to another and one organization to another. The steps generally involved in planning are as follows:

(1) ***Establishing goals/objectives*:** The first step in planning process is to determine the enterprise objectives. These are set by upper level managers after number of objectives has been carefully considered. The objective set depends on the number of factors like mission of the organization, abilities of the organization etc., Once the organizations objectives are determined, the section wise or department wise objectives are planned at the lower level. Defining the objectives of every department is a very essential one; then only clear cut direction is available to the departments. Control process is very easy if the objectives are clearly defined.

(2) ***Establishing planning premises*:** This is the second step in planning which involves establishing planning premises that is the conditions under which planning activities will be undertaken. Planning premises are planning assumptions—the expected environmental factors, pertinent facts and information relating to the future such as general economic conditions, population trends, competitive behavior etc.

The planning premises can be classified as below:

(1) Internal and External premises.
(2) Tangible and Intangible premises.
(3) Controllable and non-controllable premises.

Internal and External premises: Premises may exist within or outside the enterprise. Internal premises include sales forecasts, ability of the organization in the form of machines, methods of design, behavior of the owners and employees etc., The external premises exists outside the enterprise and include general business and economic environment, technological changes, government policies and regulations, population growth etc.,

Tangible and Intangible premises: Tangible premises are those which can be quantified. They include population growth, industry demand, capital and resources invested etc., On the other hand political stabilities, sociological factors, attitudes and behavior of the owners etc., are intangible premises.

Controllable and non-controllable premises: Some of the planning premises are controllable and others are non-controllable. Some examples of non-controllable factors are strikes, wars, natural calamity, legislation etc., Because of the presence of non-controllable factors; organizations have to revise plans periodically in accordance with current development. The controllable factors are availability of resources, skill of managers and labor etc.,

(3) ***Deciding the planning period*:** Once the long term objectives and planning premises are decided, the next task is to decide the period of the plan. Some plans are made for a year and in others it will be decades. Companies generally base their period on a future that can reasonably be anticipated. The factors which influence the choice of a period are:

(a) Lead time in development and commercialization of a new product: An aircraft building company planning to start a new project should have a planning period of five to ten years where as a small manufacturer of spare parts who can commercialize his idea in a year or so makes annual plans.

(b) Time required for recovering capital investment or the pay back period: The pay back period also influence the planning period. For example, if a machine costs 50 lakhs and generates cash in flow of Rs. 10 lakhs a year, it has a pay back period of 5 years. Therefore the plans should also be for at least five years.

(c) Length of commitment already made: The plan period should be long enough to enable the fulfillment of already made commitments. For example if a company has agreed to supply goods for five years, it needs to plan for the same period to fulfill its commitments.

(4) ***Identification of alternatives*:** The fourth step in planning is identifying alternatives. A particular objective can be achieved through various actions. For example an organization's objective is to grow further which can be achieved in several ways like expanding in the same field of business or product line, diversifying in other areas, joining hands with other organization

and so on. With each category there may be several alternatives. For example, diversification may point out the possibility of entering into one of the several fields.

(5) ***Evaluation and selection of alternative***: Once the alternatives are identified the next step is to evaluate the alternatives in the light of the premises and goals and to select the best course or courses of action. This is done with the help of quantitative techniques and operations research. In addition software packages are available for evaluating alternatives.

(6) ***Developing derivative/supportive plans***: Once the plan is selected, various plans are derived so as it support the main plan. The derivative may be planning for buying equipments, buying raw material etc. These derivative plans are formulated out of the main plan and therefore, they support.

(7) ***Measuring and controlling the process***: One should not allow plan to run on its own without monitoring its progress. Managers need to check the progress of their plans so that remedial action can be taken to make plan work or change the plan if it is unrealistic. Hence process of controlling is a part of any plan.

5. Steps in Decision making

Decision Making Process: Steps in Rational Decision Making

A decision is rational if appropriate means are chosen to reach the desired end. The following steps are involved in the process decision making.

(1) Recognizing the problem.
(2) Deciding priorities among the problems.
(3) Diagnosing the problem.
(4) Developing alternative solutions or courses of activities.
(5) Evaluating alternatives.
(6) Converting the decision into effective action and follow up of action.

(1) ***Recognizing the problem***: When a manager makes a decision it is in effect the organization's response to a problem. Hence it is necessary to search the environment for the existence of a problem. A problem is said to exist;

(a) When there is deviation from past experience. For example the present year's sales are lower than previous year, the expenses are more than previous years etc.,
(b) When there is deviation from plan. For example sales are lower than anticipated, expenses are more than expected etc.,
(c) When competitors outperform. For example other companies manufacture the goods of same quality at lower costs.
(d) When people bring problems to the manager, For example workers may complain about poor ventilation.

(2) ***Deciding priorities among problems***: A manager might have identified a number of problems. All these problems vary in their importance. He may find that some of the problems are such that they can be solved by their subordinates because they are closest to them. All such problems should be passed on to them. Some problems may need information available only at higher level or affecting other departments. Such problems are referred to higher level managers. And those problems which can be best solved by him are to be focused.

(3) ***Diagnosing the problems***: Symptoms of the problem that are observed by the manager may some times mislead him. The symptom may lead manager to suspect one part when the defect may lie hidden in another part. For example if there is decline in sales, the management may think that the problem is one of poor selling procedure or

the saturation of the old market. But the real problem may be inability to move quickly to meet changing needs of the customers. For diagnosing the problem a manager should follow the systems approach. He should study all the sub-parts of his organization which are connected with the sub-part in which the problem seems to be located.

(4) ***Developing alternative solutions or courses of action***: A problem can be solved in several ways; however all the ways cannot be equally satisfying. If there is only one way of solving a problem, then no question of decision arises. Therefore decision maker must identify various alternatives available in order to get most satisfactory result of a decision. It should also be borne in mind that it is not possible to consider all alternatives either because information about all alternatives may not be available or some of the alternatives cannot be considered because of limitations. Hence while developing alternatives; the concept of limiting factor should be applied. Limiting factor is one which stands in the way of accomplishing a desired objective. For example, if an organization has limitation in raising sizable finance, it cannot consider projects involving high investment.

A decision maker can identify alternatives using his own experience, practices followed by others and using creative technique. A decision maker using past experience takes into account the action taken by the decision maker in the past with the difference between former challenges and the present one. The successful action of the past may become an alternative for the future. The limitation of this is, what was successful in the past may not be so in the present context because of change in context under which decision was made. Copying from experience of others is another way of generating alternatives. Alternatives used by successful decision makers can be thought of alternatives of decision making. The third method of generating alternatives is through creative process where various exercises are taken to generate entirely new ideas. Creative ideas of individuals or groups help in developing alternatives. One popular group technique is brain storming. The brain storming group consists of 5 to 10 people. The best idea behind brain storming is to think of as many alternatives as possible without pausing to evaluate them.

(5) ***Measuring and comparing consequences of the alternative solution***: Once various alternatives are developed, the next step is to measure and compare their consequences of alternatives using quality and acceptability. The quality of a decision must be determined considering both tangible and intangible consequences. Tangible consequences are those which can be quantitatively measured or mathematically demonstrated. For example the one can calculate the installing and running costs of two types of air conditioners. Intangible consequences cannot be measured quantitatively. For example the effect of good labor relationship in one location cannot be compared with the local taxes in another location.

Acceptability of solution is also important. A decision though good in quality may be poor in acceptability or decision though acceptable may not be good in quality. In

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such cases managers must find the relative importance of these two. In production, finance, purchase etc. the solution's quality is important than acceptability, where as in all human maters such as lighting condition, layout of office etc., the acceptability is more important. If sufficient information about quality or acceptability of a solution is not available, it is suggested to experiment it on a small scale known as pilot testing. For example a company may test a new product in a certain market before expanding its sale nationwide.

(6) ***Converting the decision into effective action and follow up of action***: This step involves communication of decisions to the employees. Decision must be communicated in clear and unambiguous terms. All necessary efforts should be made to secure employees participation in some stages of decision making. Association of employees in decision making not only enhance the acceptability, but also improves the quality of decision. Sometimes due to non-availability of data, a manager may not take correct decision. As a safeguard against incorrect decision, the manager while converting a decision into effective action should institute a system of follow-up so that he can modify or alter his decision at the earliest opportunity.

6. Principal of Organisation

structure. Therefore, thorough understanding of the principles of organization is essential for good organization. The principles of organization are discussed below:

(1) ***Objectives***: The objectives of the enterprise influence the organization structure. Every part of the organization and organization as a whole should be geared to the basic objective determined by the enterprise.

(2) ***Specialization***: Effective organization must promote specialization. The activities of the enterprise should be divided according to functions and assigned to persons according to their specialization.

(3) ***Span of control***: A manager can directly supervise only a limited number of executives. Hence, it is necessary to have a proper number of subordinates answerable to a manager. A maximum of six may be prescribed for this purpose.

(4) ***Exception***: This principle requires that organization structure should be so designed that managers are required to go through the exceptional matters only. All the routine decisions should be taken by subordinates, where as problems involving unusual matters and policy decision should be referred to higher levels.

(5) ***Scalar principle***: This is also known as chain of command. There must be clear lines of authority running from the top to the bottom. Authority is the right to decide, direct and coordinate. Every subordinate must know who his superior is and to whom policy matters beyond his own authority must be referred for decision.

(6) ***Unity of command***: Each subordinate should have only one supervisor whose command he has to obey. Dual subordination must be avoided, for it causes uneasiness, disorder, and indiscipline and undermine of authority.

(7) ***Delegation***: Proper authority should be delegated at the lower levels of the organization also. The authority delegated must be equal to responsibility i.e., the manager should have enough authority to accomplish the task assigned to him.

(8) ***Responsibility***: A superior should be held responsible for the acts of his subordinates. No superior should be allowed to avoid responsibility by delegating authority to his subordinates.

(9) ***Authority***: The authority is the tool by which a manager is able to accomplish the desired objective. Hence, the authority of each manager must be clearly defined. The authority and responsibility must be co-extensive in the organization.

(10) ***Efficiency***: The organization should be able to attain the mission and objectives at the minimum cost.

(11) ***Simplicity***: The organization structure should be as simple as possible with minimum number of levels. A large number of levels of organization means difficulty of effective communication and coordination.

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(12) ***Flexibility:*** The organization should be flexible, should be adaptable to changing circumstances. It should permit expansion and replacement without dislocation and disruption of the basic design. A sound organization must avoid complicated procedures, red-tape and excessive complication of control so that it may adapt itself easily and economically to business and technical changes.

(13) ***Balance:*** There should be reasonable balance in the size of various departments, between centralization and decentralization. There must be balance in the formal structure as regards to factors having conflicting claims.

(14) ***Unity of direction:*** There must be one objective and one plan for a group of activities having the same objective. Unity of direction facilitates unification and coordination of activities at various levels.

(15) ***Personal abilities:*** As organization is a formal group of people there is need for proper selection, placement and training. Organization structure must ensure optimum use of human resources.

7. Steps in selection process

3.18 SELECTION

The process of selection leads to employment of persons having the ability and qualifications to perform the jobs which have fallen vacant in an organization. It divides the candidates into two categories; those will be offered employment and those who will not be. The basic purpose of the selection process is choosing right type of candidates to man various positions in the organization. In order to achieve this purpose, a well, organized selection procedure involves many steps and at each step more and more information is obtained about the candidates. The steps involved in selection procedure are discussed below.

(1) ***Receipt of applications:*** Whenever there is vacancy, it is advertised or enquires are made from suitable sources and applications in standard form are received from the candidates. The applications give preliminary idea of the candidates like age, qualifi- cations, experience etc., Standard forms make the application processing very easy.

(2) ***Screening of applications:*** Applications received from the candidates are screened by the screening committee and a list of candidates to be interviewed is prepared. Applicants can be called for interviews on some specific criterion like sex, desired age group experience and qualification. The number of candidates to be called for interview is five to seven times the number of vacant positions to be filled.

(3) ***Employment tests:*** Employment tests help in matching the characteristics of individuals with the vacant jobs so as to employ the right kind of people. Intelligent tests, Aptitude tests, proficiency tests, personality tests, interest tests etc. may be used for this purpose.

(4) ***Interviews:*** The employment tests do not provide the complete set of information about the candidate. Interview may be used to secure more information about the candidate. The main purpose of interview is to find out the suitability of the candidate, to seek more information about the candidate, to give an accurate picture of the job with details of terms and conditions. In addition, interview help to check the information given by the applicant in the application and to assess the capability and personality of the applicant. For senior positions, interviews may be in several stages. The preliminary interview is conducted by head of the department and the final interview is conducted by the selection committee consisting of chairman of the organization, head of the department, personal manager and outside experts. After all the candidates have been interviewed, a panel is proposed. The number of persons in the panel is generally about two to three times the number of vacancies to be filled up.

Background investigation and medical examination: Prior to final selection, the prospective employer normally makes an investigation about applicants past employment, education, personal reputation, police record etc., Medical and physical examination has three objectives:

(1) It serves to ascertain applicant's capabilities to meet the job requirement.

(2) It serves to protect organization against the unwarranted claims under workman compensation.

(3) It helps to prevent communicable deceases entering the organization.

A proper medical examination will ensure standards of health and physical fitness of the employees and reduce the rates of accidents, labour turnover and absenteeism

Final selection: After a candidate has cleared all the hurdles in the selection procedure, he is formally appointed by issuing him an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment, pay scale and other benefits associated with the job.

8. Motivational theories

Motivational Theories

What can enhance the willingness to work are explained by a number of motivational theories as discussed below.

Maslow's Need Hierarchy Theory

Every person has a variety of needs, some of these needs are satisfied and others are unsatisfied. An unsatisfied need is the starting point in the motivation process. When a person has an unsatisfied need, he attempts to identify something that will satisfy the need. This is called as goal. Once a goal has been identified, he takes action to reach that goal and thereby satisfy the need. A.H. Maslow has identified five categories of need which are arranged in hierarchy as shown in fig. 4.2.

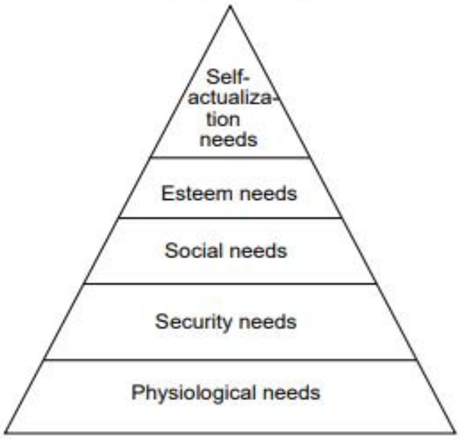

Figure 4.2: Hierarchies of needs

(1) ***Physiological needs*:** These are the basic needs for sustaining human life itself, such as food, water, shelter and sleep. Maslow took the position that until these needs are satisfied to the reasonable degree necessary to maintain life, other needs will not motivate people.

(2) ***Security or safety needs*:** People want to be free of physical danger and of the fear of losing job, property or shelter.

(3) ***Social needs*:** Since people are social being, they need to belong, to be accepted by others.

(4) ***Esteem needs*:** Once people begin to satisfy their need to belonging, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige and status.

(5) ***Self-actualization needs*:** It is desire to become what one is capable of becoming-to maximize one's potential and to accomplish something.

According to Maslow, people attempt to satisfy their physical need first. As long as the needs are unsatisfied, they dominate behavior. As they become reasonably satisfied, they loose their motivational power and the next level i.e., security needs becomes the dominant motivational force. This process continues up the need hierarchy.

Hertzberg's Two Factors Theory

Fredrick Hertzberg and his associates have proposed a two factors theory of motivation. In one group of needs are such things as company policy and administration, supervision, working conditions, interpersonal relations, salary, job security and personal life. These are called as dis-satisfiers and not motivators. If they exist in a work environment, they yield no dissatisfaction. Their existence does not motivate but their absence result dis-satisfaction. Hertzberg called these factors as **hygiene or maintenance factors**. The second group he listed certain satisfiers and therefore **motivators**, which are related to job content. They include achievement, recognition, challenging work, advancement and growth in the job.

The first group of factors (the dissatisfiers) will not motivate in the organization, yet they must be present otherwise dissatisfaction will arise. The second group or the job content factors are real motivators because they have the potential of yielding a sense of satisfaction. It means managers must give considerable attention to upgrading job content.

Table 4.1: Hygiene factors and motivators

Hygiene factors	**Motivators**
Status	Challenging work
Interpersonal relations	Achievement
Quality of supervision	Responsibility
Company policy and administration	Growth in the job.
Working conditions	Advancement
Job security	Recognition
Salary	

Vroom's Expectancy Theory

According to Victor H. Vroom, people's motivation towards doing anything will be determined by the value they place on the outcome of their effort multiplied by the confidence they have that their efforts will materially aid in achieving a goal. Motivation is a product of anticipated worth that an individual places on a goal and the chances he or she sees of achieving that goal. Using his own terms Vroom's theory may be stated as

$$\text{Force} = \text{Valence} \times \text{Expectancy}$$

Where force is the strength of a person's motivation, valance is the strength of an individual performance for an outcome and expectancy is the probability that a particular action will lead to a desired outcome. When a person is indifferent about achieving a certain goal, valance is zero. Valance is negative when the person do not achieve goal. In either case there is no motivation. Similarly, there is no motivation to achieve a goal if expectancy is zero or negative. The force exerted to do something depends on both valance and expectancy. A motive to accomplish some action is determined by the desire to accomplish something else. For example, a person may be willing to work hard to get out a product for a valance in the form of pay valance.

Adam's Equity Theory

This theory points out that people are motivated to maintain fair relationship between their performance and reward in comparison to others. For the comparison of his performance and reward with others people use equity. Equity refers to individual's subjective judgements about the fairness of the reward he or she gets. In this theory equity is defined of as a ratio between the individuals job inputs (such as effort, skill, experience, education and skill) compared to the rewards others are receiving for similar job inputs.

$$\frac{\text{Person's Reward}}{\text{Person Input}} = \frac{\text{Others Reward}}{\text{Others Input}}$$

If people feel that many are inequitably rewarded, they may be dissatisfied, reduce the quantity and quality of work or leave the organization. They also can ask for a greater reward. If people perceive the reward as equitable, they probably will continue at the same level of output. If people think the rewards are greater than what is considered equitable, they may work harder. These three situations are illustrated in fig 4.3.

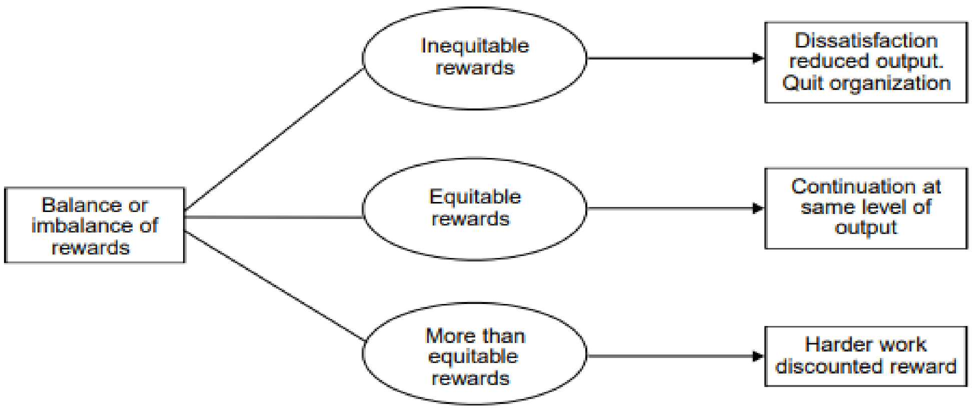

Fig. 4.3: Equity theory

In practice many overestimate their own contributions and the rewards other receive. Certain inequalities may be tolerated for some time by employees. But prolonged feelings of inequity may result in strong reactions.

McClelland's Need Theory

According to McClelland, the three important needs are; the need for achievement, the need for affiliation and the need for power. The need for affiliation reflects a desire to interact socially with people. A person with high need for affiliation is concerned about the quality of an important personal relationship. A person, who has a high need for power, concentrates on obtaining and exercising power and authority. The person is concerned with influencing other and winning arguments. A person with need for achievement is concerned with setting moderately difficult but potentially achievable goals. He does most of the things himself rather than getting them done by others.

If the needs of the employees can be accurately measured, organizations can improve the selection and placement process. For example, an employee with high need for affiliation could be placed in a position that would enable the person to achieve. Thus, it is important to identify the behaviours required to perform a set of tasks effectively, and then to determine what individual characteristics are most associated with these behaviours.

Carrot and Stick Approach

Carrot and Stick approach of motivation comes from the old story that the best way to make a donkey move is to put a carrot out in front of him or job him with a stick from behind. The carrot is the reward for moving and the stick is the punishment for not moving. The carrot and stick approach of motivation takes the same view. In motivating people for behaviour that is desirable, some carrots, rewards are used such as money, promotion and other financial and non-financial factors; some sticks, punishments are used to push the people for desired behaviour.

Though in various theories of motivation, the terms carrot and sticks are avoided, these still form the basis of motivation if administered properly. The role of carrots has been adequately explained in various theories of motivation when these analyze what people want to get from their performance that is the positive aspect of behavior and its rewards. Such rewards may be financial or non-financial. The stick also pushes people to engage in positive behaviour or overcoming negative behaviour. The mixture of both carrot and stick should be used judiciously so that both have positive affects on the motivational profile of the people in the organization.

Skinner's Reinforcement Theory

Psychologist B.F. Skinner has developed another approach for motivation called as positive reinforcement or behaviour modification theory. According to his theory individuals can be motivated by proper design of their work environment and praise for their performance and that punishment for poor performance produces negative

9. Steps in Controlling

4.16 STEPS IN A CONTROL PROCESS

There are three basic steps in a control process namely establishment of standards, measurement of performance and comparing the performance with the standards and taking corrective action.

1. *Establishment of standards*: The first step in control process is the setting up of standards of performance. A standard acts as a reference line or a basis of actual performance. Standards should be set precisely and in quantitative terms. Standards expressed in vague or general terms such as "Costs should be reduced" or "rejections should be reduced" are not specific as "cost should be reduced by 10 percent" or "rejections should be reduced to 0.5 percent". Standards are used as the criteria or benchmarks by which performance is measured in the control process. Since standards cannot be set for entire operations, each organization must first develop its own list of key result areas for the purpose of control. Different standards of performance are set up for various operations at the planning stage. As a matter of fact, planning is the basis of control.

Standards are to be flexible in order to adopt changing conditions. For example, a new salesman who seems to be an above average performer should have his sales standard adjusted accordingly. Every objective, goal, policy, procedure and budget

becomes a standard against which actual performance might be measured. However, in practice different types of standards used are:

(1) Physical standards such as units of production per hour.

(2) Cost standards, such as direct and indirect cost per unit.

(3) Revenue standards such as sales per customer.

(4) Capital standards such as rate of return of capital invested.

(5) Intangible standards such as competency of managers and employees.

2. *Measuring and comparing actual performance with standards*: The second step in the control process is measuring the actual performance of individuals, group or units and comparing it with the standards. The quantitative measurement should be done in cases where standards have been set in numerical terms. This will make evaluation easy and simple. In all other cases, the performance should be measured in terms of qualitative factors as in the case of performance of industrial relations manager. His performance should be measured in terms of attitude of workers, frequency of strikes and morale of workers. In general, measurement of performance can be done by personal observation as in the case of the subordinates being observed while they are engaged in work or by a study of various summaries of figures, reports, charts and statements.

Once the performance is measured, it should be compared with the standards to detect deviations. Some deviations are desirable such as the output above the standard. But some other variations are undesirable such as a variation in the delivery schedule agreed upon with the customer. The measurement and comparison are to be made at various stages in the total process and not at the end.

3. *Taking corrective action*: The final step in the control process is taking corrective action so that deviations may not occur again and the objectives of the organization are achieved. This will involve taking certain decisions by the management like re-planning or redrawing of goals or standards, reassignment or classification of duties. It may also necessitate reforming the process of selection and training of workers. This control function may require change in all other managerial functions. If the standards are found to be defective, they will be set up again in the light of observations. Joseph Massie has pointed out that a manager may commit two types of mistakes at this stage. The first is, he may take action when no action is needed. The second is he may fail to take action when some corrective action is needed. A good control system should provide some basis for helping the manager estimate the risks of making either of these types of errors. Of course, the final test of a control system is whether correct action is taken at the correct time.

10. Needs of an Employee

1. Fair wages

Employees should feel like they receive fair compensation for the work they do. Assess your employees' salaries annually to make sure your rates are competitive and reasonable. If an employee has accepted more responsibilities recently, they might deserve a higher salary. Consider giving bonuses and rewards for exceptional performance. These types of monetary incentives make employees feel valued and can motivate them to do quality work.

2. Health and well-being

Employees want to know you care about their physical and mental wellness and see them as human beings rather than commodities. Healthy employees can focus on their job duties rather than their well-being and typically miss fewer days of work for health-related reasons.

In addition to providing your employees with competitive benefits packages that include health, dental and vision insurance, create workplace wellness programs that encourage good health. Wellness initiatives might include:

- Fitness or weight loss challenges
- Free health screenings
- Diet and exercise seminars
- On-site yoga or meditation sessions
- Healthy snacks and meals

3. Job security

Employees need confirmation that if they do their jobs well, the company will continue to employ them. If they worry about losing their job, your employees might look for new jobs. Communicate openly with your employees about the company's status so they can trust you and have confidence in their job stability. Discourage gossip or speculation by having an open-door policy and welcoming questions about company or employee performance.

4. Career growth

The potential for career advancement can be motivating for many employees. They want to know the company supports and invests in their growth. If employees see few opportunities for professional growth with your organization, they might look for different employers. Encourage self-development through:

- Classes or training to learn new skills and technologies
- Free or discounted membership to industry associations
- Conferences and seminars
- Leadership courses

Meet with employees to talk about their career goals, and create plans to help them grow and achieve those goals.

6. Belonging

Employees want to feel like they belong to a supportive, cohesive team. A sense of belonging meets their social needs and also makes them feel valued by the company. Take a personal interest in all your employees. Give friendly greetings, and ask them questions about their families or hobbies. Encourage collaboration and harmony in the workplace through team-building exercises or department outings for lunch or coffee.

7. Work-life balance

To enjoy their jobs and avoid feeling stressed, employees need to be able to balance their career with their personal life. Encourage work-life balance by:

- Offering flexible work hours
- Allowing remote work or telecommuting
- Having generous or unlimited paid time off

Watch your employees for signs of fatigue, and encourage them to take breaks or vacations. Make sure your team knows they can take time to care for their children or go to an appointment without penalty or judgment.

8. Recognition

Employees want to be recognized and acknowledged for their work. It makes them feel valued and appreciated and can motivate them to continue performing at a high level. A compliment about an employee's recent contribution to a project or a thank you for completing a task on time can